



Uganda Agribusiness Alliance
Partnering for Growth



NEPAD
TRANSFORMING AFRICA



COMMUNIQUE

UGANDA AGRICULTURAL INVESTMENT CONFERENCE



**30th - 31st August 2016, Office of the President
Conference Hall, Kampala**



giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

**Making Finance
Work for Africa**

CAADP

The Uganda Agriculture Financing and Investment Conference (the Conference) was successfully held at the Office of the President in Kampala, Uganda, from the 30th to the 31st of August 2016. The conference was co-hosted by the Uganda Agribusiness Alliance (UAA acting in its capacity as the host of the Agriculture Finance Platform (AFP¹) in Uganda), the Office of the President and the New Partnership for Africa's Development (NEPAD²) Agency with support from GIZ on behalf of BMZ (through the GIZ CAADP Support Programme).

The Meeting brought together more than 200 participants over the two days, drawn from the public, private and development sectors as well as civil society organisations in Uganda and beyond. They included among others; (i) the first deputy Prime Minister, Ministers, Directors, Commissioners and Assistant Commissioners from government (ii) Bank of Uganda, leading commercial banks, development banks, microfinance institutions, leasing companies and other financial institutions (iii) Institutional investors, Private equity funds and Social impact funds (iv) Insurance companies (v) Development Partners & Technical services' providers (vi) non-governmental organizations (NGOs), civil society groups, researchers and (viii) Members of the Agriculture Finance Platform Steering Committee³.

The Meeting focused on three broad areas (a) agricultural finance development (b) prioritised value chain development in Uganda and (c) agricultural markets development. The essence is to build a strong and sustainable agricultural sector for food and nutrition security, youth employment, poverty alleviation, and rural transformation.

The Conference was a follow-up to the High-Level Roundtable Meeting on Agriculture Financing in Uganda, which was held at the Office of the President, on 19th July 2016 where a number of recommendations were made, with the aim of guiding policymakers and key stakeholders that are directly involved in financing agriculture in Uganda, to focus resources on establishing financing mechanisms that will enable all market participants to thrive. The Conference was presided over by the first Deputy Prime Minister, Gen. Moses Ali, who represented the Prime Minister, Dr. Ruhakana Rugunda.

During the July 19th Meeting (herein referred to as the July Meeting), it was observed that financing should reach different scales of agriculture, different types of agribusinesses and all the value chain actors, including smallholder farmers that intend to commercialise their operations. The Conference therefore sought to strategically establish a few key priorities from the recommendations (of which there were many) and agree on a concrete process/roadmap to move forward.

Day 1 of the Conference focused on agriculture financing and offered a platform for government to dialogue with the different actors financing agriculture in Uganda. Session chairs included Hon. Kasiruvu Atwooki,

¹The AFP is a dynamic, responsive and issue-based multi-stakeholder platform which was established to promote effective actions that will increase the depth, quality and absorption of financial services for and by all levels and sizes of actors along the agriculture value chains. The AFP is hosted by Uganda Agribusiness Alliance (UAA).

²NEPAD is the planning and coordinating technical body of the African Union. Its purpose is to eradicate poverty and create sustainable growth on the continent.

³The AFP Steering Committee members include aBi Trust, SNV Netherland Development Organisation, Bank of Uganda, Centenary Bank, GIZ Uganda, CS BAG, EPRC, The Hunger Project, Uganda National Farmers' Federation, USAID- Feed the Future, Uganda Agribusiness Alliance, TRIAS-Uganda, Ministry of Agriculture, Animal Industries & Fisheries and Ministry of Finance, Planning and Economic Development.

Minister in charge of Economic Monitoring in the Office of the President, Hon. Vincent Sempijja Minister of Agriculture, Animal Industry and Fisheries, as well as Hon. Esther Mbayo, the Minister in charge of the Presidency.

Day 1 also featured a presentation on the Synopsis of Recommendations, from the July Meeting, for improving agricultural financing in Uganda, followed by reactions from the audience. Some of the ideas presented in the July meeting were not new to Uganda and accordingly there were presentations to showcase the country's own experiences in risk sharing initiatives. There was therefore a session building on the presentation of the Nigerian (NIRSAL) and Kenyan (PROFIT) agriculture finance risk sharing models presented in the July meeting. This Session featured a presentation entitled "*Risk Sharing-What has Uganda's Experience been over the last 4 decades?*" by Dr. Louis Kasekende, Deputy Governor, Bank of Uganda.

In his presentation, Dr. Kasekende highlighted a number of policy interventions and schemes undertaken by the Government of Uganda since the 1960s, particularly those that have actively involved the banking industry. He also identified what he thought was the optimal strategy for agricultural modernisation, and reiterated what he envisaged as the appropriate role for the state in agricultural financing. Dr. Kasekende warned that. "*Any risk-sharing model for financing must be based on a clear understanding of the profile and origins of the risk. In this case, we must resolve what continually constrains the modernisation of agriculture and what makes small holder farming very risky for financing.*" He concluded by saying that given the historical evidence with state - run agriculture financing mechanisms and risk sharing schemes or development banks on the African continent, it is instructive that if any such financing scheme is to efficiently support the development process, it must be managed on commercial principles.

As a recommendation from the July Meeting members proposed that Uganda should set up an incentive based risk sharing model for agriculture lending similar to NIRSAL. However before doing so, conference organisers sought to discuss one of the most recent agriculture development mechanisms in Uganda. Accordingly, Dr. Kisamba – Mugerwa, Chairman, National Planning Authority was invited to make a presentation entitled "*A close look at the Plan for Modernisation of Agriculture (PMA)*". The presentation enabled participants to discuss the history, operation, challenges and lessons among others from the PMA. Mr. Richard Wangwe of Stanbic Bank also offered "*The Banker's perspective to risk sharing in Uganda*" in light of the presentations from the July meeting.

Conference Day 1 also featured a keynote address, by the First Deputy Prime Minister - General Moses Ali, who represented the Prime Minister and re-confirmed "*government's commitment to develop an agricultural finance policy and to pilot an agriculture insurance subsidy scheme in the current financial year*".

On Conference Day 1, also had proposals on a way forward, laid out by Dr. Fred Muhumuza, an Agriculture Finance Policy Panel Member of UAA.

Conference Day 2, inter-alia, sought to explore what Uganda's policy and strategy is, for attracting private capital and private sector agricultural corporations to invest in the sector. The presenters and moderating chairs for the discussions were carefully selected. These included; Mr. Deus Muhwezi, Commissioner -Investments and Enterprise Development, MAAIF; Mr. Edward Katende, CEO, UAA; Ms. Meg Jaquay, GM, Jakana Foods/Vice President of the American Chamber of Commerce in Uganda; Mr. Musa Lukwago,

Senior Economist, Ministry of Finance, Planning and Economic Development; Dr. Sarah Lubanga Mubiru, Managing Director and Founder; Sow and Grow Foundation and Aroma Honey Toffee; Fr. George Angala, Chairman, Uganda Cooperative Alliance; Mr. Mwesigwa Edward Bamanya from the Ministry of Trade, Industry and Cooperatives; Mr. Didas Kamwesiga, Trade & Policy Specialist, Feed the Future Uganda, Enabling Environment for Agricultural Activity.

Discussions on Conference Day 2 presented an opportunity to discover government's growing aspirations to develop and implement new and innovative policies and a strategic investment plan that will transform agriculture financing and investment in Uganda. It provided government with an opportunity to give an overview of the Agricultural Sector Strategic Plan (ASSP) and how this can be used to attract private capital and private sector agricultural corporations to make investments in the sector.

The Conference Day 2 agenda, also involved a dialogue with the aim of enabling government to listen to the opportunities/bottlenecks identified by the private sector and proposals to fill the gaps through policies and strategies aimed at creating the necessary business environment that allow private sector enterprises to thrive. There was an opportunity to embrace private sector engagement to leverage and/or crowd in private sector investments for value chains development. Furthermore, the private sector and civil society in Uganda also had an opportunity to engage their public sector counterparts on the type of interventions and institutional frameworks required to enable increased private sector investment in prioritised value chains. Participants engaged in discussions centred around opportunities and challenges in leveraging private sector investments to achieve value chain development objectives.

A market development roundtable allowed participants to draw on experts from advisory, practitioner, government and donor roles to discuss the landscape of market development programs as well as key challenges and priorities going forward.

Conference delegates called for greater collaboration among stakeholders as well as more innovative and market-based approaches to sustainably reach a large number of value chain actors.

The Conference reignited the agriculture finance and investment debate and inspired a number of recommendations with a view of guiding policymakers, and key agriculture sector decision makers, in Uganda to focus their resources on creating the right environment for all market participants in the agricultural value chains to thrive, by designing appropriate support mechanisms.

Lastly, the ambition of the Conference was to promote private sector investments along the various segments of Uganda's agricultural value chains thereby accelerating the progress on agriculture's contribution to Uganda's economic growth and transformation for shared prosperity and improved livelihoods for all, in line with delivering the Malabo Goals and targets. Over the course of the Conference, delegates put forward and began to coalesce around recommendations (for finance sector development and value chains development) which UAA, its partners and other stakeholders should pursue in the medium-term. These recommendations are captured below:

A) Recommendations for finance sector development

Action should be taken at all relevant levels, in government, in firms and in financial institutions to develop and deepen the agriculture finance industry in Uganda. Accordingly, the Agriculture Finance Platform members, acting by the AFP Secretariat at UAA, should facilitate a coordinated approach to agricultural financing in Uganda by collectively developing and implementing a roadmap for financing agriculture in Uganda. Such a roadmap should include;

- Finalising and disseminating results from the ongoing national agriculture finance diagnostic mapping.
- Supporting the development of an agriculture finance policy and strategy in the FY2016/17.
- Advocating for and supporting the development of an enabling regulatory (legal) framework within which the policy and strategy will operate.
- Developing and launching innovative financing mechanisms such as an incentive-based risk-sharing mechanism for agricultural lending with a focus on micro, small and medium-sized agricultural enterprises (MSME).
- Collectively designing agriculture financing instruments & disseminating information on existing products and models for financing agriculture in Uganda.
- Implementation of outstanding recommendations from earlier Conferences.

B) Recommendations for priority value chains development

Using a multi-stakeholder and multi-sectoral approach, through UAA design and implement a private-sector-led Agriculture Transformation Agenda for each of the 5 priority-value-chains (i.e. Coffee, Tea, Maize, Oil Seeds, and Livestock (dairy & beef)). This Agriculture Transformation Agenda should have a strong focus on commercializing smallholder agriculture and youth employment, as well as a commitment to building climate change resilience in the agriculture system.

ABOUT UGANDA AGRIBUSINESS ALLIANCE

UAA is a multi-stakeholder partnership & membership organisation devoted to private sector agribusiness development in Uganda. Accordingly, UAA's function is to;

- a. Advocate for an environment in Uganda in which agribusinesses of all sizes, and in all segments of the agricultural value chains, can thrive, expand and be competitive.;
- b. Support market-driven enterprises, using a value chain approach;
- c. Ensure that agribusiness plays a constructive role in Uganda's economic growth, development and transformation.

To this end:

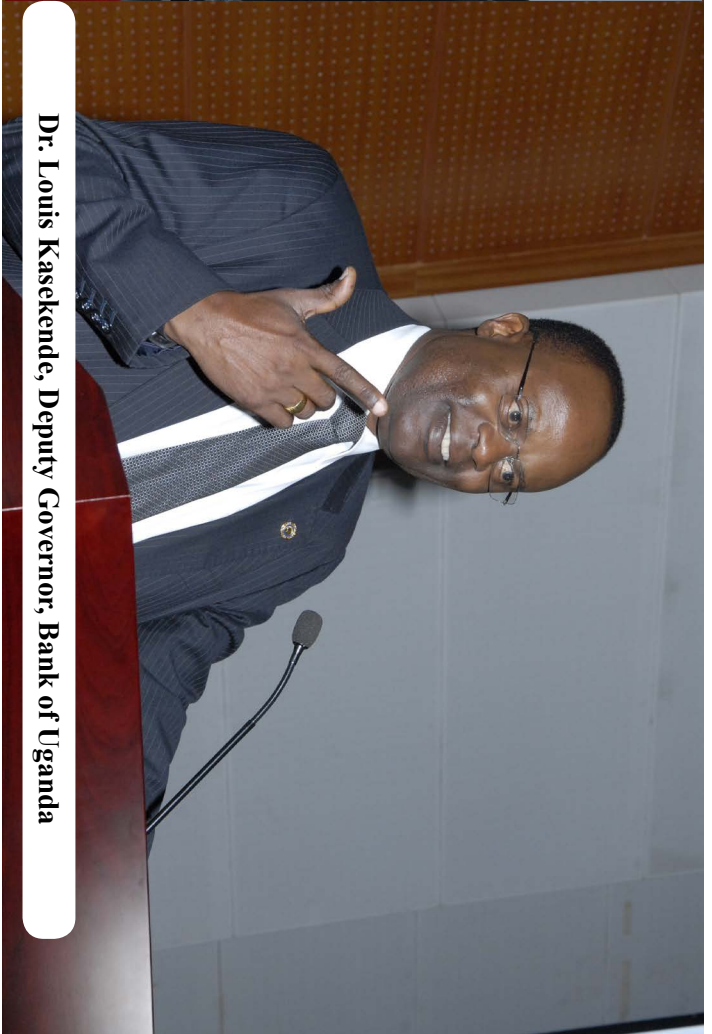
- UAA serves the broader and common over-arching business interests of agribusinesses in Uganda. As such UAA strives to transform agriculture in Uganda into an interconnected, business-oriented industry in order to drive a growing and modern economy, reduce poverty, ensure food & nutrition security, protect the environment and return a profit at every link in the value chain.
- UAA aims to build a positive and practical shared agenda for sustainable industry growth by contributing to better policy-making, informing business decisions, sharing best practices, facilitating collaboration and engaging stakeholders beyond commercial objectives. UAA is setting an example of how engagement of all eco-system actors, around a notion of shared value, can increase the competitiveness of the agribusiness sector.
- Through such platforms as the Agriculture Finance Platform (AFP) and the Investment Facilitation Platform (IFP) and other mechanisms, UAA brings together Uganda's foremost agricultural stakeholders to collaboratively identify, prioritise and coordinate solutions aimed at addressing systemic bottlenecks, which affect agribusiness development in Uganda.
- Working with various stakeholders, UAA advocates for issues of importance to its members and, to a greater degree, the wider agribusiness community to build an environment in Uganda, which makes it easier to start, run and grow an agri-allied business.
- UAA facilitates considerable business networking opportunities so that Ugandan agribusinesses can play an active and creative role within the local, regional and international organised business environment.

Due to the differing nature of activities that the different stakeholders venturing into agribusiness engage in, their needs can also vary quite significantly. Using a lean team at the Secretariat and through a platforms approach, UAA has built its competency in bringing together Uganda's foremost agricultural stakeholders to collaboratively identify, prioritise and coordinate solutions to addressing systemic bottlenecks which affect agribusiness development in Uganda. The organisation is quickly becoming widely recognised for its work in the country to improve public policy and keep agribusiness issues in the hearts and minds of public and private sector decision-makers, donors and the general public. UAA has built a reputation and strong partnerships with government, local and regional institutions that can be leveraged to scale-up interventions and lift barriers that currently block the development on a competitive, inclusive and sustainable agribusiness industry in Uganda.

SOME OF THE SPEAKERS



Deputy Prime Minister, Gen. Moses Ali



Dr. Louis Kasenkende, Deputy Governor, Bank of Uganda



Dr. Fred Muhumuza, a Member UAA's Agriculture Finance Panel



Dr. Wilberforce Kisamba-Mugerwa, Chairman, National Planning Authority

CONTACT US:



Uganda Agribusiness Alliance
Partnering for Growth

Uganda Agribusiness Alliance
1st Floor, Victoria House, Plot 1518, Kira Road, Bukoto, Opp. Kadic Hospital
P. O. Box 12036, Kampala, Uganda
Email: info@ugandaagribusinessalliance.com

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